

SENATE BILL 372

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2004 Regular Session
(4lr2414)

ENROLLED BILL
-- Judicial Proceedings/Environmental Matters --

Introduced by **Senator Haines**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **Real Property - Residential Leases - ~~Interest on Security Deposits~~ - Interest**
3 **Rates**

4 FOR the purpose of altering the annual interest rate of interest paid on a security
5 deposit ~~that a landlord is required to pay to a tenant within a certain amount of~~
6 ~~time after the end of a tenancy by requiring the landlord to pay to the tenant~~
7 ~~simple interest that has accrued in the amount of the Federal Reserve Discount~~
8 ~~Rate as of a certain date; making a stylistic change under a residential lease~~
9 ~~within a certain number of days after the end of a tenancy; altering the annual~~
10 ~~interest rate paid on a security deposit under a residential lease prior to the~~
11 ~~termination of a tenancy under certain circumstances;~~ and generally relating to
12 interest rates paid on security deposits ~~on~~ under residential leases.

13 BY repealing and reenacting, with amendments,
14 Article - Real Property
15 Section 8-203(e) and (h)
16 Annotated Code of Maryland

1 (2003 Replacement Volume and 2003 Supplement)

2 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
3 MARYLAND, That the Laws of Maryland read as follows:

4 **Article - Real Property**

5 8-203.

6 (e) (1) Within 45 days after the end of the tenancy, the landlord shall return
7 the security deposit to the tenant together with simple interest which has accrued in
8 the amount of [4 3 percent per annum] ~~THE FEDERAL RESERVE DISCOUNT RATE AS~~
9 ~~OF JANUARY 1 OF EACH YEAR OF THE TENANCY~~, less any damages rightfully
10 withheld.

11 (2) Interest shall accrue at [six-month] ~~6-MONTH~~ intervals from the
12 day the tenant gives the landlord the security deposit. Interest is not compounded.

13 (3) Interest shall be payable only on security deposits of \$50 or more.

14 (4) If the landlord, without a reasonable basis, fails to return any part of
15 the security deposit, plus accrued interest, within 45 days after the termination of the
16 tenancy, the tenant has an action of up to threefold of the withheld amount, plus
17 reasonable attorney's fees.

18 *(h) (1) The provisions of subsections (e)(1) and (4) and (g)(1) and (2) of this*
19 *section are inapplicable to a tenant who has been evicted or ejected for breach of a*
20 *condition or covenant of a lease prior to the termination of the tenancy or who has*
21 *abandoned the premises prior to the termination of the tenancy.*

22 *(2) (i) A tenant specified in paragraph (1) of this subsection may*
23 *demand return of the security deposit by giving written notice by first-class mail to the*
24 *landlord within 45 days of being evicted or ejected or of abandoning the premises.*

25 *(ii) The notice shall specify the tenant's new address.*

26 *(iii) The landlord, within 45 days of receipt of such notice, shall*
27 *present, by first-class mail to the tenant, a written list of the damages claimed under*
28 *subsection (f)(1) of this section together with a statement of the costs actually incurred*
29 *and shall return to the tenant the security deposit together with simple interest which*
30 *has accrued in the amount of [4] 3 percent per annum, less any damages rightfully*
31 *withheld.*

32 *(3) (i) If a landlord fails to send the list of damages required by*
33 *paragraph (2) of this subsection, the right to withhold any part of the security deposit*
34 *for damages is forfeited.*

35 *(ii) If a landlord fails to return the security deposit as required by*
36 *paragraph (2) of this subsection, the tenant has an action of up to threefold of the*
37 *withheld amount, plus reasonable attorney's fees.*

1 (4) Except to the extent specified, this subsection may not be interpreted to
2 alter the landlord's duties under subsections (e) and (g) of this section.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 October 1, 2004.